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Canadian National Railways



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Canadian National is today one of the great transportation and communications companies of the world. In its total assets — some \$5 billion — it is the largest industrial enterprise in Canada. It has over 80,000 employees and is one of the top five companies in Canada in gross annual revenue — close to \$2 billion.

It is wholly Canadian and dedicated to the interests of Canada.

The history of this huge railway system began in 1836, when the first railway service in Canada was initiated between Laprairie and St. John's, Quebec. CN came into being because the vision of Canada's railway pioneers of the nineteenth and early twentieth centuries far exceeded the resources and traffic available to finance the transcontinental systems that were being built.

When, with the outbreak of the 1914-1918 war, foreign sources of financing available to Canada dried up, several of the country's smaller railroads were threatened with bankruptcy. To prevent embarrassment to the financial institutions of Canada and its credit position, the Federal Government took over the ownership and operation of the endangered lines.

A proprietary Crown corporation was set up under the name Canadian National Railways. The properties were handed over to the company with instructions to operate "as one united system, on a commercial basis, under their own politically-undisturbed management, on account of and for the benefit of the people of Canada".

Birth of CN

Canadian National came into being in the autumn of 1922. During the first year, the managing board of the new company had to face a loose agglomeration of five railroads, with 22,000 miles of track, built for competition, much of it overlapping. The task ahead was that of unifying and integrating this huge, unwieldy system, rebuilding the sagging morale of the thousands of employees inherited from the old systems, and earning respect for the new company.

The man chosen to head the new company, Sir Henry Thornton, American by birth and British by adoption, possessed a phenomenal reputation for successful operation of railway systems. His personality dominated the first decade of CN's existence, and his confidence

in the eventual success of the publicly-owned company proved to be justified.

In five years, Sir Henry's policies succeeded in vitalizing and integrating the system, giving it a reputation for efficient service and showing its capacity to produce a substantial net revenue. That period witnessed other noteworthy accomplishments. CN pioneered radio broadcasting in Canada and developed and operated the first diesel locomotive to be put into service in North America.

The company started a West Indies passenger-steamship service, built Jasper Park Lodge — a summer resort hotel — and a cross-country chain of year-round hotels, and laid out the first plans for a Montreal terminal development.

CN survived the financial and business crises of the Depression and went on to provide outstanding service during the Second World War.

CN Today

Although the main business of CN is the transportation of bulk freight by rail, its activities also include trucking and express, ferry services, telecommunications, hotel operations, real-estate developments and consulting services.

Today the company comprises six operating divisions, each responsible for its own profitability. These are: CN Rail; CN Trucking and Express; CN Telecommunications; CN Marine; CN Passenger Services; CN Hotels; the CN Tower in Toronto; and the Grand Trunk Corporation (U.S. operations).

CN Rail

The largest of the operating divisions, CN Rail, provides rail-freight services in Canada, as well as operating and maintaining all rail services for passenger and express services.

The company operates more than 35,000 miles of track, including lines into the industrial heartland of the United States. The annual volume of freight moved along these lines is some 110 million tons.

Equipment and facilities

Canadian National became the first major Canadian railway to be completely dieselized; it now possesses a fleet of more than 2,400 diesel-electric locomotives. The system also has more than 112,000 freight-cars, many of which are designed to carry specific products. In addition, CN has more than 1,200 units of passenger equipment in service.

CN's main transcontinental track is under centralized traffic control. This increases operating efficiency and adds to the already enviable safety record of railway transport.

Great strides in modernization have been made in the marshalling of trains in CN's automatic electronic freight-classification yards at Moncton, Montreal, Toronto, Winnipeg and Edmonton. Significant improvements have also become possible in the use of freight-cars and diesel engines with the introduction of new computerized information systems to assist in freight-car distribution and the centralization of motive-power control in Montreal.

Freight services

CN has made considerable progress in redeploying regional marketing forces to take full advantage of new technology and to reach new marketing goals through its computer-based Traffic Reporting and Control System. The TRACS project made it possible for shippers using Telex to obtain instant information from a computer about freight-cars, trailers and containers on CN lines.

CN's Waybill Information Network (WIN) reduces the paperwork associated with the production of waybills for both the company and its customers, while a door-to-door export bill of lading helps rationalize the documentation systems.

Marketing managers have been appointed for each of CN's five regions in Canada to attract and maintain the maximum amount of profitable business.

CN trucking and express

CN augments its rail system and provides door-to-door service for shippers with its own fleet of trucks, "piggyback" trailers and containers, as well as wholly-owned trucking subsidiaries. The express

arm of its operations provides rapid parcel-delivery service in major Canadian cities.

CN Telecommunications

CN works jointly with Canadian Pacific Limited to provide nationwide telecommunications services. The vast CN-CP Telecommunications network is one of the world's largest, linking every corner of the country with millions of circuit miles of communications facilities.

In addition, the CN-CP Telecommunications microwave system, a super-high-frequency radio-beam network, continuously flashes complex business data, pictures, messages and voice calls back and forth across the country at the speed of light.

Business-communications services include Telex, Data Telex, broadband exchange service, private wire services, Tel-Tex, telemetering for supervisory control of remote operations, a facsimile service, a computer message and data-switching service, and telegram and cablegram services.

CN Telecommunications provides local and long-distance telephone services, as well as the other communications services in Newfoundland, the Yukon, the Northwest Territories and northern British Columbia.

CN Marine

East Coast ferry and coastal services for the federal Ministry of Transport, linking New Brunswick, Prince Edward Island, Nova Scotia, the State of Maine and Newfoundland, are operated by CN Marine. The 37 ships in service — one of the largest fleets in Canada — carry some two million passengers, 1.4 million tons of freight, 140,000 trucks and tractors and 600,000 automobiles annually.

CN Passenger Services

Although the general economic slowdown has contributed to a decline in rail-passenger traffic, the number of passengers carried remains relatively high, illustrating the fact that the railway continues to be an important passenger-transport mode in Canada.

In 1975, CN carried some ten million passengers, including commuters. Excluding commuters, the average passenger travelled 350 miles. The total number of passenger-miles operated was about 1.3 billion.

CN's "Turbo" train between Montreal and Toronto is the only high-speed rail service in the country.

While much of the company's passenger-car fleet is rapidly becoming obsolete, many of the remaining cars have been improved with the introduction of club galleys, cafe-bar lounges and "dayniter" cars, equipped with comfortable reclining seats.

In addition to equipment improvements, CN has introduced improved services along the heavily-travelled Quebec City/Windsor corridor. The new VIA logo is emblazoned across the bright yellow and blue colour-schemes of its passenger trains.

At the direction of the Canadian Transport Commission, CN and CP have been working together to provide the most economical rail-passenger service for the Canadian public. CP has adopted the VIA logo for its passenger trains and both railways have issued a joint timetable and are working with the Federal Government to rationalize passenger-train service throughout the country.

Both railways currently receive federal subsidies covering 80 per cent of all losses incurred in providing rail-passenger service. In 1975, this represented a net loss to CN of about \$40 million. CN hopes the subsidies will eventually cover 100 per cent of the losses, so that it can order some badly-needed equipment and improve service throughout the country.

CN Hotels

To accommodate the travelling public, CN owns or operates hotels in eight Canadian cities and a resort hotel in the Canadian Rockies. The city hotels are: Hotel Newfoundland, St. John's; Hotel Nova Scotian, Halifax; Hotel Beausejour, Moncton; the Queen Elizabeth Hotel, Montreal; the Chateau Laurier, Ottawa; Hotel Fort Garry, Winnipeg; Hotel Macdonald, Edmonton; Hotel Vancouver, Vancouver. The resort hotel is the world-famous Jasper Park Lodge in Jasper, Alberta. The Queen Elizabeth Hotel and the Hotel Vancouver are operated for CN by Hilton Canada, Ltd.

CN Tower

CN Tower Limited, a wholly-owned subsidiary, owns and operates the CN Tower in Toronto. In addition to various communications-transmission facilities, the tower includes, in a skypod between the 1,100-foot and 1,200-foot levels, a 416-seat revolving dining-room; a lounge, and indoor and outdoor observation decks. At ground-level there are a 275-seat fast-food family restaurant, another restaurant and lounge, and souvenir and display areas. The 1,815-foot tower is the tallest free-standing structure in the world.

Grand Trunk Corporation

Rail operations are carried on in 12 U.S. states, with a great deal of independence, through the Grand Trunk Corporation, which owns the assets of the Grand Trunk Western Railroad Company, the Central Vermont Railway and the Duluth, Winnipeg and Pacific Railway.

Real Estate

CN has valuable real-estate holdings in many Canadian cities, which it develops in co-operation with private enterprise. The most spectacular has been the Place Ville Marie development in Montreal. There are now eight large office buildings, including the 42-storey Royal Bank of Canada Building, the 1,200-room Queen Elizabeth Hotel and Place Bonaventure, a trade and exhibition centre with the largest facilities of its kind in Canada, and a 400-room pent-house hotel built round an enclosed roof-garden.

CANAC Consultants Ltd

This CN subsidiary markets the expertise of CN and Air Canada with project teams and individual advisers working on a variety of assignments in many parts of the world.

Finances

As a result of a sluggish economy and soaring inflation, CN's rail operations, which largely determine the financial performance of the company as a whole, showed a loss of \$92.5 million in 1975. It was the company's first net railway loss since 1962.

CN's other major revenue-producing operations showed a profit during the year, including CN Telecommunications (\$22.8 million), CN Trucking (\$6.6 million), CN Hotels (\$3.6 million), and the CN's U.S. operations (\$3.5 million).

During 1975, CN's operating expenses exceeded operating revenues by \$57.2 million. With the addition of a heavy interest burden of \$110.9 million, resulting mainly from the conditions under which the company was founded, the deficit for the year was \$168.1 million. Payments received under the Railway Act totalled \$151.7 million, reducing the net deficit to \$16.4 million.

The company's 1975 annual report indicated that economic recovery was proceeding at a slow and uncertain rate and that the company would continue to reduce costs, increase productivity and generate more revenues while giving full support to the Government's anti-inflation program.

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